

FISCAL NOTE

Bill #: HB0645

Title: Revise government accounting and fund structure law

Primary

Sponsor: John Cobb

Status: As introduced

| | | | |
|-------------------|------|-----------------------------|------|
| Sponsor signature | Date | Dave Lewis, Budget Director | Date |
|-------------------|------|-----------------------------|------|

Fiscal Summary

| | <u>FY2000 Difference</u> | <u>FY2001 Difference</u> |
|--|-------------------------------------|-------------------------------------|
| Expenditures: | | |
| General Fund | 495,000 | 495,000 |
| Revenue: | 495,000 | 495,000 |
| Net Impact on General Fund Balance: | \$9,931,000 | 0 |

| <u>Yes</u> | <u>No</u> | | <u>Yes</u> | <u>No</u> | |
|-------------------|------------------|----------------------------------|-------------------|------------------|-------------------------------|
| | x | Significant Local Gov. Impact | | x | Technical Concerns |
| | x | Included in the Executive Budget | | x | Significant Long-Term Impacts |

Fiscal Analysis

ASSUMPTIONS:

1. Long-term loans are currently recorded as a reserve against the general fund in accordance with generally accepted accounting principles. This reserve indicates the portion of fund balance not available for appropriation. In FY 1998, these long-term loans totaled \$9.9 million.
2. HB 645 would require agencies that need long-term loans to make those loans from other than the general fund, if possible. Large loans would be made from the coal trust.
3. Interest expense incurred as a result of loans from funds that retain their own interest would be paid at the rate of approximately 5 percent.
4. Most of the interest owed would be from federal programs in which interest expense is unallowable. Agencies would need an appropriation from the general fund to pay interest expense to funds that retain their own interest.

(continued)

5. Interest paid to the coal trust fund is general fund revenue.
6. An additional \$9.9 million in general fund fund balance would be available for appropriation for the 2001 biennium.

FISCAL IMPACT:

| | FY2000 | FY2001 |
|---|-------------------|-------------------|
| Department of Administration (allocated to various agencies as needed) | | |
| | <u>Difference</u> | <u>Difference</u> |
| <u>Expenditures:</u> | | |
| Operating Expenses | 495,000 | 495,000 |
| <u>Funding:</u> | | |
| General Fund (01) | 495,000 | 495,000 |
| <u>Revenues:</u> | 495,000 | 495,000 |
| <u>Net Impact to Fund Balance (Revenue minus Expenditure):</u> | | |
| General Fund (01) | \$9,931,000 | 0 |

LONG-RANGE IMPACTS:

No general fund fund balance would be reserved for long-term loans.